

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF SOUTH DAKOTA

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In re: : Case No. 10-10146  
(Chapter 11)

VEBLEN EAST DAIRY LIMITED :  
PARTNERSHIP, :  
Tax ID/EIN: 20-8870979, :  
Debtor.

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**AGSTAR’S RESPONSE AND OBJECTION  
TO DEBTOR’S SUPPLEMENT TO MOTION  
FOR AUTHORITY TO USE CASH COLLATERAL  
AND REQUEST FOR PRELIMINARY HEARING  
(PRELIMINARY AND FINAL)**

AgStar Financial Services, PCA and AgStar Financial Services, FLCA  
 (“AgStar”), by and through attorneys of record, Woods, Fuller, Shultz & Smith P.C.,  
 object and respond to Supplement to Debtor’s Motion for Authority to Use Cash  
 Collateral and Request for Preliminary Hearing as follows:

1. Denies each and every allegation and statement contained in the Supplement to Debtor’s Motion except as specifically admitted in this response and objection.
2. AgStar incorporates its initial response and objection to Debtor’s Motion for Authority to Use Cash Collateral and Request for Preliminary Hearing as if fully set forth.

3. As to paragraph 1, AgStar admits that the Debtor has filed a Motion for Use of Cash Collateral and seeks preliminary and final use of cash collateral.

4. As to paragraph 2, AgStar affirmatively states that the Court has set a deadline for filing objections and that it will set a hearing on the Debtor's Motion if AgStar timely files its objections. Further, as to paragraph 2, admits that milk cows are included among the Debtor's principal assets and they must be fed or liquidated. AgStar denies that the Debtor's preliminary request contains only those things absolutely necessary to avoid irreparable harm.

5. AgStar has a continuing lien in the Debtor's milk and calves and their proceeds post-petition pursuant to 11 U.S.C. § 552(b). The Debtor cannot provide AgStar with adequate protection.

6. The Debtor's budget appears to contemplate some pre-petition expenses including consulting fees to Cargill from February through May in the amount of \$43,000.00. There may also be pre-petition obligations to PRM. It is difficult to tell what other items may constitute pre-petition expenses. There appears to be some confusion concerning exactly what period the Debtor is requesting for preliminary use of cash collateral.

WHEREFORE, AgStar prays that the Court deny Debtor's motion as supplemented (preliminary and final) and for such further relief as the Court deems just and equitable in the premises.

Dated this 12th day of July, 2010.

WOODS, FULLER, SHULTZ & SMITH P.C.

By /s/ ROGER W. DAMGAARD

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